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E.O. 12958: N/A
TAGS: [ETRD](#) [ECON](#) [IS](#) [EG](#)
SUBJECT: READOUT OF 14TH QUARTERLY MEETING OF ISRAEL/EGYPT
QIZ

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¶1. (U) SUMMARY: Israeli and Egyptian trade officials met on Sunday, August 10 in Jerusalem for the quarterly meeting of the Qualified Industrial Zones (QIZ). Egypt requested Israeli assistance (and a possible joint delegation visit to Washington) to promote Upper Egypt's inclusion in the QIZ areas to the United States Trade Representative (USTR). Egyptian exports to the United States under the QIZ remain at about 18 million USD, which the Egyptians attribute to a the slowdown in the United States. The GOI requested that the Egyptian delegation encourage a visit by the head of the Egyptian Manufacturers Association. A case of possible fraud was discussed extensively and GOI officials will further investigate before any decision is reached. Three new QIZ companies were approved and 59 QIZ certificates were renewed. End Summary.

¶2. (U) Expansion into Upper Egypt remains very much a priority for the Egyptians. Egypt is encouraging Israel to approach USTR jointly in Washington to lobby for the expansion, particularly after learning that the head of the Israeli delegation, Gabi Barr, of the Ministry of Industry Trade and Labor, accompanied the Jordanians on a similar visit for QIZ expansion. Israel, for its part, is willing to assist the Egyptians. Egypt is concerned that once the current administration leaves it will be more difficult to receive approval for the expansion.

3 (U) Egyptian exports to the United States under the QIZ remain at the same level as the first quarter, 18 million USD. Both Israel and Egypt attribute this decrease from last year to the economic slowdown in the United States. Barr told econoff that Israeli manufacturers were also interested in exporting to the European market to fill in the gap left by a lack of orders from the United States.

¶4. (U) Barr also mentioned that during the last quarterly meeting in Cairo, the head of the Egyptian Manufacturer's Association, El-Zorba, indicated his interest in increasing ties with the Israeli manufacturing community. The GOI followed up by inviting El-Zorba to visit several Israeli factories and meet the head of the Israeli Manufacturers Association Shraga Brosh. El-Zorba has yet to respond to the invitation, and the Israeli delegation requested that the GOE follow up with him. El-Bous, head of the Egyptian delegation, confirmed that El Zorba had received the invitation, but remained noncommittal as to whether he would make the visit to Israel or not.

5 (U) A case in which an Israeli company sent fabric imported from China to be manufactured in Egypt and then sent

back to Israel for resale was discussed extensively. It was agreed that too little was known about the business practices of the company and further investigation was required. Although Israel and Egypt encourage this type of trade, both parties agreed that sending products back into Israel for resale was not in compliance with the QIZ.

6 (U) Three new QIZ companies were approved for the program and 59 QIZ certificates were renewed.

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